



**The Comptroller General
of the United States**

Washington, D.C. 20548

Westfall

Decision

Matter of: Salz Lock and Safe

File: B-227547

Date: July 6, 1987

DIGEST

1. Protest against the submission of a below-cost quotation on the basis that it constitutes a "buy-in" is dismissed since the possibility of a buy-in is not illegal and does not provide a basis upon which an award may be challenged.
2. Protest that certain procurements should be set aside for dealers (with distributors not permitted to compete) is dismissed since restrictions on competition are permissible only to the extent authorized by law or regulation and there is no provision authorizing such a restriction.

DECISION

Salz Lock and Safe protests the award by the Navy Public Works Center, Pearl Harbor, Hawaii of an order for 56 Falcon locks with Medeco cylinders to Island Pacific Distributors. Salz contends that Island Pacific's price for the locks is below cost and constitutes a "buy-in." Salz also objects to the Navy's solicitation of quotations for the same items from both distributors and dealers. We dismiss the protest.

On June 8, 1987, Salz received an oral request for quotations on nine line items, one of which was for 56 Falcon A530 locks with Model 20-0600 Medeco cylinders. On June 10, the Navy informed Salz that it had been awarded four of the nine line items, but that Island Pacific Distributors had quoted the low price of \$25.00 per lock on the Falcon locks and was to be awarded that item.

Salz contends that Island Pacific's price is below cost. The protester also asserts that Island Pacific is the exclusive distributor for the particular type of Medeco


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keyway to be used in the 56 Falcon A530 locks. Salz contends that because the Navy would be required to purchase all keys to the locks with this type of keyway from Island Pacific, that firm has effected a "buy-in." Salz asks that we conduct an investigation to establish that a "buy-in" has occurred, and that we then disqualify Island Pacific from taking part in future solicitations.

First, the acceptance of a below-cost quotation is not illegal, and a potential buy-in by a firm does not provide a basis on which an award may be successfully challenged. Blane Enterprises, Inc., B-224416, Oct. 17, 1986, 86-2 CPD ¶ 466.

Further, by objecting to the solicitation of quotations for the same item from both dealers and distributors, Salz is in effect asking that certain procurements be set aside for dealers. We know of no statutory or regulatory authority for such a restriction on competition. Although Congress has sought to enhance the competitive position of certain groups, such as small businesses, by permitting agencies to restrict competition on certain solicitations to such businesses, see, e.g., 41 U.S.C. § 253(b)(2) (Supp. III 1985), "dealers" have not been accorded such protected status.

The protester does not present a valid basis for protest. Therefore, the protest is dismissed.


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